

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 3, 2018
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:
TITLE

Consideration of the Monthly Financial Report for the Period Ending November 30, 2017.

BODY

ISSUE: Receipt of the Monthly Financial Report for the Period Ending November 30, 2017.

RECOMMENDATION: That City Council receive the Monthly Financial Report (Attachments 1 and 2).

BACKGROUND: The following discussion is a summary of the Monthly Financial Report for this period. Schedules comparing revenues and expenditures to date to the same period in FY 2017 are attached.

As of November 30, 2017, General Fund revenues totaled \$361.4 million, an increase of \$102.3 million or 39.5% more than the revenues collected at the same time in FY 2017. Through the first five months, approximately 53.3 percent of budgeted revenues have been collected. The significant variance compared to the prior year is due to different sizes of bond refundings. In FY 2017, \$34.2 million in outstanding debt was refinanced at lower interest rates for a savings of approximately \$2.4 million. In FY 2018, \$124.2 million in outstanding debt was refinanced and will produce approximately \$10 million in debt service savings over the next 15 years. In a future monthly financial report, Council will see the additional refunding that was completed in early December. If the refunding is excluded in both years, 45.5 percent of budgeted revenues have been collected and revenues through the first five months reflect a 6.7 percent increase compared to the same time period last year. Real Property tax revenues are 8.8 percent higher at this point in FY 2018, which is consistent with the tax rate and assessment increases in Calendar Year 2017.

Through November 2017, Other Local Tax revenues equal \$31.6 million compared to \$30.4 million in November 2016. Recordation tax revenue exceeds last year by \$0.9 million due to the August sale of the JBG Beauregard Corridor residential/retail portfolio to Morgan Properties for \$509 million. Both Transient Lodging and Restaurant Meals tax revenues reflect higher sales in FY 2018 than from the same period in FY 2017. Consumer Utility taxes appear significantly

lower than in FY 2017, but this is a result of payment timing and not a significant economic indicator. The same is true for Revenue from the Federal Government. Through November 2016 only 4 federal prisoner per diem payments of \$0.5 million had been posted compared to 5 payments through November 2017. The increase in Charges for City Services is nearly \$0.8 million higher than through the same period in FY 2017. It should be noted that the budgeted amount in this category increased by more than 4 percent, the most significant areas of increase were in Refuse User Charges, Recreation Classes and Rental fees. As expected, those categories are showing increases in collection compared to the last fiscal year.

As of October 31, 2017, General Fund expenditures totaled \$361.4 million, an increase of \$102.3 million over the same time period for FY 2017. After adjusting for the difference due to the refunding, expenditures total \$237.7 million, which is \$12.7 million higher than FY 2017 or 5.7 percent, compared to the same time period last year. No significant expenditure has occurred in the first five months of Fiscal Year 2018 that is unbudgeted or unexpected. Agencies that are trending above the percent completed of the fiscal year (42 percent) are those organizations that receive quarterly payments from the City (e.g., Economic Development Activities, Health/Other Health, and Transit Subsidies). These agencies have received two of their quarterly payments at this point in the fiscal year. Debt service is paid in June, July, December and January. The amounts are determined by the structure of the debt and the payments are made as scheduled. The amount paid each year and when it is paid varies each year based on debt issuance date and debt structure. As a result, it does not track closely to the percent of the fiscal year. The Departments of Human Resources and Information Technology Services are also both trending slightly ahead of the fiscal year, due to services that are billed annually in the first half of the fiscal year (various maintenance agreements, software licenses, online learning access for employees). The Registrar of Voters is also trending slightly ahead of the fiscal year due to the costs associated with the election that occurred in November.

ATTACHMENTS:

Attachment 1 - Comparative Revenue Schedule for November 30, 2017

Attachment 2 - Comparative Expenditure Schedule for November 30, 2017

Attachment 3 - Highlights of the Mid-year 2017 State of the Market Report from the Alexandria Economic Development Partnership, Inc

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, OMB

ALEXANDRIA RETAIL UPDATE

- Retail occupancy in Alexandria is approximately a healthy 94%.
- In 2017, E-commerce represents approximately 10% of all retail sales
- Edens is expected to bring 50,000 square feet of retail in Old Town North on the Giant/ABC block by late 2018.
- On the West End, development is underway for 110,000 square feet of retail, including a 62,000 square foot Harris Teeter.
- Pop-up retail is a trending alternative to the nationwide failing of long term commercial leases for brick and mortar retail stores.
- Pop-ups give online retailers (national & local) the ability to bring several brands together under one roof in order to open a storefront.
- This is a temporary arrangement that permits the retailers to test a market and for the landowner to examine the viability of a potential tenant.
- AEDP has received City funding to develop a program to facilitate pop-ups with the objective of filling vacant storefronts, add to the existing retail community, and lure new retail.
- City benefits would come in the form of increased tourism dollars, increased commercial property values & property taxes, and increased sales tax receipts.

For a more comprehensive look at the retail, residential and office market in the City of Alexandria and across the region, please check out the Mid-2017 State of the Market Report published by the Alexandria Economic Development Partnership, Inc.

http://alexecon.org/sites/default/files/resources/attachments/alexandria_mid-year_report_2017_spreads.pdf

CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND

FOR THE PERIODS ENDING NOVEMBER 30, 2017 AND NOVEMBER 30, 2016

	B	C	D=C/B	F
	FY2018	FY2018		FY2017
	APPROVED	REVENUES	%	REVENUES
	BUDGET	THRU 11/30/2017	OF BUDGET	THRU 11/30/2016
General Property Taxes				
Real Property Taxes.....	\$ 436,008,918	\$ 209,620,676	48.1%	\$ 192,658,932
Personal Property Taxes.....	49,339,000	43,863,463	88.9%	42,739,824
Penalties and Interest.....	2,000,000	951,150	47.6%	1,017,408
Total General Property Taxes	<u>\$ 487,347,918</u>	<u>\$ 254,435,289</u>	<u>52.2%</u>	<u>\$ 236,416,164</u>
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 28,044,982	\$ 6,551,791	23.4%	\$ 6,717,099
Consumer Utility Taxes.....	12,700,000	3,264,716	25.7%	4,000,961
Communication Sales and Use Taxes.....	10,153,000	2,473,918	24.4%	2,551,700
Business License Taxes.....	33,460,000	1,529,798	4.6%	1,198,690
Transient Lodging Taxes.....	12,500,000	4,816,318	38.5%	4,275,172
Restaurant Meals Tax.....	19,000,000	6,297,030	33.1%	5,849,728
Tobacco Taxes.....	2,885,000	1,010,200	35.0%	1,070,691
Motor Vehicle License Tax.....	3,606,000	2,913,894	80.8%	2,849,615
Real Estate Recordation.....	4,800,000	2,380,228	49.6%	1,477,001
Admissions Tax.....	786,000	155,166	19.7%	172,707
Other Local Taxes.....	4,545,502	206,563	4.5%	273,343
Total Other Local Taxes	<u>\$ 132,480,484</u>	<u>\$ 31,599,621</u>	<u>23.9%</u>	<u>\$ 30,436,707</u>
Intergovernmental Revenues				
Revenue from the Fed. Government.....	\$ 9,971,382	\$ 2,931,325	29.4%	\$ 2,495,566
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	22,399,604
Revenue from the Commonwealth.....	22,897,658	6,815,036	29.8%	6,977,811
Total Intergovernmental Revenues	<u>\$ 56,447,571</u>	<u>\$ 32,145,965</u>	<u>56.9%</u>	<u>\$ 31,872,981</u>
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 6,610,517	\$ 2,090,406	31.6%	\$ 1,968,698
Licenses and Permits.....	2,485,350	1,086,202	43.7%	1,186,617
Charges for City Services.....	21,740,922	9,001,388	41.4%	8,226,866
Revenue from Use of Money & Prop.....	5,023,110	2,980,057	59.3%	2,292,765
Other Revenue.....	1,812,942	711,105	39.2%	608,338
Transfer from Other Funds.....	10,583,814	-	0.0%	-
Total Other Governmental Revenues	<u>\$ 48,256,655</u>	<u>\$ 15,869,160</u>	<u>32.9%</u>	<u>\$ 14,283,284</u>
TOTAL REVENUE	<u>\$ 724,532,628</u>	<u>\$ 334,050,034</u>	<u>46.1%</u>	<u>\$ 313,009,136</u>
Appropriated Fund Balance				
General Fund.....	\$ 3,605,400	\$ -		\$ -
Appropriated refunding bond proceeds	124,205,981	124,205,981		34,168,000
Supplemental Appropriations....	\$ 6,700,258	-		\$ -
TOTAL	<u>\$ 859,044,268</u>	<u>\$ 458,256,015</u>	<u>53.3%</u>	<u>\$ 347,177,136</u>

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING OCTOBER 31, 2017 AND OCTOBER 31, 2016**

FUNCTION	B	C	D=C/B	F
	FY2018 AMENDED BUDGET	FY2018 EXPENDITURES THRU 10/31/2017	% OF BUDGET EXPENDED	FY2017 EXPENDITURES THRU 10/31/2016
Legislative & Executive.....	\$ 5,455,058	\$ 1,988,899	36.5%	\$ 2,037,814
Judicial Administration.....	\$ 42,939,294	\$ 16,116,576	37.5%	\$ 16,526,557
Staff Agencies				
Information Technology Services.....	\$ 11,671,069	\$ 4,909,340	42.1%	\$ 4,395,090
Management & Budget.....	1,276,371	370,218	29.0%	461,575
Finance.....	13,842,261	4,248,464	30.7%	4,090,607
Performance and Accountability.....	697,627	209,049	30.0%	158,344
Internal Audit.....	421,894	117,119	27.8%	113,519
Human Resources.....	3,768,484	1,689,457	44.8%	1,275,881
Planning & Zoning.....	5,999,987	2,162,988	36.0%	2,069,605
Economic Development Activities.....	5,494,154	2,689,691	49.0%	2,666,040
City Attorney.....	2,941,270	1,192,120	40.5%	1,211,670
Registrar.....	1,202,318	529,290	44.0%	673,282
General Services.....	15,220,042	5,038,100	33.1%	5,051,425
Total Staff Agencies	\$ 62,535,477	\$ 23,155,835	37.0%	\$ 22,167,038
Operating Agencies				
Transportation & Environmental Services.....	\$ 30,275,905	\$ 11,782,048	38.9%	\$ 9,961,874
Project Implementation.....	1,868,900	538,498	28.8%	586,520
Fire.....	52,746,576	19,175,905	36.4%	18,444,144
Police.....	62,961,321	24,042,829	38.2%	23,471,198
Emergency Communications.....	7,794,857	2,829,858	36.3%	2,782,130
Code.....	34,345	1,825	5.3%	41,062
Transit Subsidies.....	15,135,927	7,532,179	49.8%	3,799,186
Housing.....	1,820,863	668,906	36.7%	622,744
Community and Human Services.....	13,648,783	5,262,680	38.6%	5,714,652
Health.....	8,670,836	3,950,976	45.6%	4,006,837
Historic Resources.....	3,180,740	1,253,208	39.4%	1,141,450
Recreation.....	22,111,222	8,875,887	40.1%	8,853,660
Total Operating Agencies	\$ 220,250,275	\$ 85,914,799	39.0%	\$ 79,425,457
Education				
Schools.....	\$ 214,061,472	\$ 65,699,209	30.7%	\$ 64,984,680
Other Educational Activities.....	12,277	6,139	50.0%	6,066
Total Education	\$ 214,073,749	\$ 65,705,347	30.7%	\$ 64,990,746
Capital, Debt Service and Miscellaneous				
Debt Service - City.....	\$ 40,973,127	\$ 16,499,633	40.3%	\$ 23,729,242
Debt Service - Schools.....	28,530,550	11,489,349	-	-
Expenses on Refunding Bonds.....	124,205,981	123,695,787	0.0%	34,172,770
Non-Departmental.....	9,301,731	5,174,590	55.6%	4,679,428
General Cash Capital.....	37,866,696	-	0.0%	-
Contingent Reserves.....	775,931	-	0.0%	-
Total Capital, Debt Service and Miscellaneous	\$ 241,654,016	\$ 156,859,359	64.9%	\$ 62,581,440
TOTAL EXPENDITURES	\$ 786,907,869	\$ 349,740,815	44.4%	\$ 247,729,052
Cash Match (Transportation/DCHS) and Transfers to Special Revenue and Capital Projects Funds).....	\$ 53,229,967	\$ -	0.0%	\$ 121,663
Transfer to Library.....	6,860,551	8,865	0.1%	27,919
Transfer to DASH.....	12,045,879	11,692,233	0.0%	11,295,384
TOTAL EXPENDITURES & TRANSFERS	\$ 859,044,268	\$ 361,441,912	42.1%	\$ 259,174,018
Total Expenditures by Category				
Salaries and Benefits.....	\$ 223,673,920	\$ 82,532,957	36.9%	\$ 80,836,255
Non Personnel (includes all school funds).....	635,370,348	278,908,956	43.9%	178,337,761
Total Expenditures by Category	\$ 859,044,268	\$ 361,441,912	42.1%	\$ 259,174,016